

Message Text

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43

ACTION AGR-20

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E.O. 11652: N/A

TAGS: OVIP, EAGR, IT

SUBJECT: SECRETARY BUTZ'S MEETING WITH MINISTER FERRARI AGGRADI

SECSTATE PASS AGRICULTURE FOR HUME

BEGIN SUMMARY. SECRETARY BUTZ MET WITH ITALIAN AGMIN FERRARI AGGRADI ON NOVEMBER 12, AT WHICH TIME THEY DISCUSSED DURUM WHEAT, GATT, WORLD FOOD CONFERENCE, FOOD AID, EXPORT CONTROL, IMPORT RESTRICTIONS, AND EC PRICE POLICY. END SUMMARY.

1. FERRARI AGGRADI AGAIN ASKED BUTZ WHETHER THE GOI COULD PURCHASE DURUM WHEAT FROM USG ON A LONG TERM BASIS. SUCH MULTI-ANNUAL COMMITMENTS WOULD, IN PRINCIPLE, HELP TO BRING ORDER IN THE SUPPLY AND DEMAND SITUATION IN THE WORLD, ACCORDING TO FERRARI AGGRADI. BUTZ REITERATED WHAT HE HAD SAID IN HIS MEETING WITH FERRARI AGGRADI IN WASHINGTON ON AUGUST 6: THAT US GRAIN EXPORTS ARE HANDLED THROUGH LIMITED OFFICIAL USE

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PRIVATE TRADE CHANNELS, WHICH NO DOUBT EAGER TO SELL TO ITALY TODAY

WITH FIRM COMMITMENT THROUGH JUNE 1974.

2. FERRARI AGGRADI EXPRESSED CONCERN ABOUT WEAKNESS OF GATT AS AN INSTRUMENT TO REALLY BRING ABOUT WORLD ORDER IN TRADE. HE COULD NOT ANSWER BUTZ'S QUESTION ON ALTERNATIVE MEANS.

3. REGARDING THE WORLD FOOD CONFERENCE 1974, FERRARI AGGRADI EXPRESSED CONCERN THAT IT EASILY MIGHT DEGENERATE INTO A FORUM OF COMPLAINTS AND UNFULFILLED DESIRES OF LDC'S. HE THEREFORE HOPED USG WOULD TRY TO INFLUENCE THE DISCIPLINING OF AGENDA SO AS TO LIMIT IT TO SUBSTANTIVE MATTERS SUCH AS MONITORING WORLDWIDE DEMAND AND SUPPLY FOR AGRICULTURAL AND FOOD PRODUCTS; TECHNICAL ASSISTANCE TO PROMOTE AGRICULTURAL PRODUCTION; AND SIMILAR PROBLEMS; WHILE AVOIDING DISCUSSIONS, MUCH LESS NEGOTIATIONS, ON SPECIFIC TRADE MATTERS.

4. FERRARI AGGRADI EXPRESSED HOPE USA WOULD CONTINUE AND EVEN INCREASE ITS LEADERSHIP IN MULTILATERAL FOOD AID.

5. FERRARI AGGRADI THANKED BUTZ FOR HAVING LIFTED EXPORT CONTROLS ON SOYBEANS SOON AFTER FORMER'S VISIT TO WASHINGTON IN AUGUST. BUTZ STATED -- AS IN LONDON AND MUNICH -- THAT EXPERIENCE WITH SOYBEAN CONTROLS HAD TAUGHT US A LESSON AND ASSURED HIS ITALIAN COLLEAGUE THAT PRESIDENT NIXON, SECRETARY KISSINGER, AND SECRETARY SHULTZ ALSO WERE AGAINST EXPORT CONTROLS.

6. BUTZ EMPHASIZED THE IMPORTANCE USG ATTACHES TO A SWIFT SOLUTION TO OUR 24.6 CLAIMS IN THE SECTORS OF CITRUS AND TOBACCO AND EXPRESSED HOPE GOI WOULD COOPERATE IN THESE MATTERS SO SENSITIVE TO US INTERESTS AND POLITICS. BUTZ INFORMED FERRARI AGGRADI THAT USG WOULD BE WILLING TO NEGOTIATE DAIRY IMPORT QUOTAS WHICH ARE IMPORTANT TO ITALIAN CHEESE, BUT WOULD HAVE TO IMPOSE COUNTERVAILING DUTIES AGAINST SUBSIDIZED DAIRY EXPORTS SO AS TO PROTECT BASIC INTERESTS OF US DAIRY INDUSTRY.

7. FINALLY, MAKING A TOUR D'HORIZON OF EUROPEAN COMMUNITY FERRARI AGGRADI FELT THAT DENMARK SEEMED TOO EAGER TO BEHAVE LIKE A GOOD COMMUNITY MEMBER AND THEREFORE MUTED ITS EXPRESSION OF INTEREST IN LOWER FEED GRAINS PRICES; WHILE THE GERMANS (ERTL) MIGHT HAVE TOLD BUTZ THEY SAW THE NEED FOR LOWER GRAIN PRICES, ACTUALLY LIMITED OFFICIAL USE

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THEY CONTINUE TO DEFEND HIGH PRICES FOR BARLEY, FROM WHICH PRICES FOR CORN CANNOT BE DIVORCED.

8. BUTZ WILL MEET AGAIN SOCIALLY WITH FERRARI AGGRADI AND INTENDS ONCE MORE TO EMPHASIZE IMPORTANCE HE ATTACHES TO EARLY SOLUTION FOR CITRUS AND TOBACCO UNDER 24.6. VOLPE

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